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Cotton and Products - Update

Report Categories:
Cotton and Products

Approved By:
Rachel Bickford
Agricultural Attaché

Prepared By:
Marta Guerrero
Agricultural Specialist

Report Highlights:
Area planted to cotton in MY 2016/17 has declined slightly compared to 2015/16 levels as a consequence of rains in the planting season. Above average temperatures throughout the crop cycle, low pest incidence and absence of rain during the harvest season have allowed for increased yields.

Disclaimer: This report presents the situation for cotton in Spain. This report contains the views of the authors and does not reflect the official views of the U.S. Department of Agriculture (USDA). The data are not official USDA data.

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Abbreviations used in this report

EU European Union
FAS Foreign Agricultural Service
GTA Global Trade Atlas
MS EU Member State(s)
MT Metric ton (1,000 kg)
Bales (1 Bale = 217.724 kg =480 lbs)
MY Marketing year (Aug/Jul)
MAGRAMA: Ministry of Agriculture, Food and Environment
PS&D Production, Supply and Demand
Ha Hectares (1 Ha = 2.471 acres)
N/A Not Available
GE Genetically engineered
Harmonized Codes for Lint Cotton (HS code): 5201

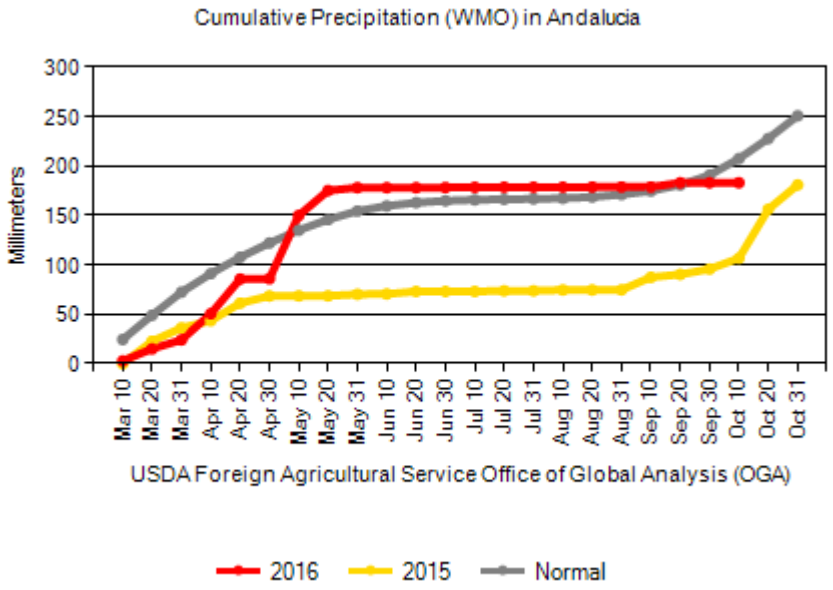
General information

Cotton is an input intensive crop. The vast majority of it is grown under irrigation and, as GE cotton varieties are not allowed for planting in the EU, farmers rely exclusively on the use of pesticides to reduce pest incidence.

Excessive rainfall during the cotton planting season (See **Graph 1**) delayed sowing operations. Additionally, some sources report losses in cotton plots originated by torrential rains and flooding conditions.

Some farmers were forced to carry out replanting operations. Consequently, overall area planted to cotton has marginally declined compared to previous year's levels.

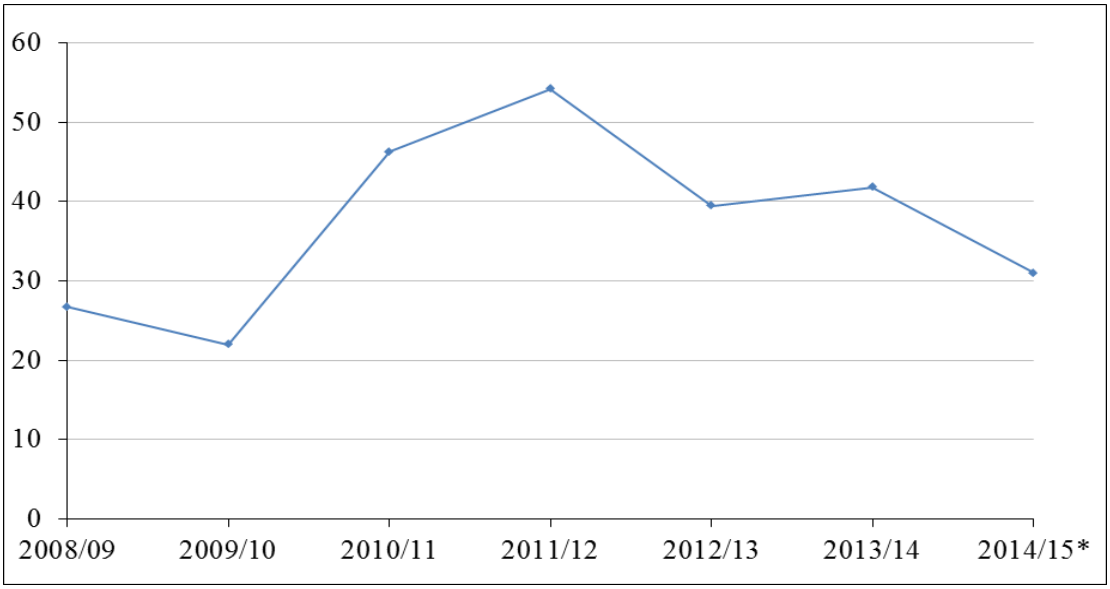
Graph 1. Cumulative precipitation in Andalucía



Source: IPAD/Foreign Agricultural Service/USDA

Poor price conditions anticipated by industry sources during sowing season also contributed to negate the slight area recovery previously projected (SP1606). However, industry sources confirm that cotton prices (**Graph 2**) in the beginning of the harvest season have exceeded farmers' previous expectations, reaching nearly 49 Euros/Kg.

Graph 2. Average Raw Cotton Prices (Euros/Kg)



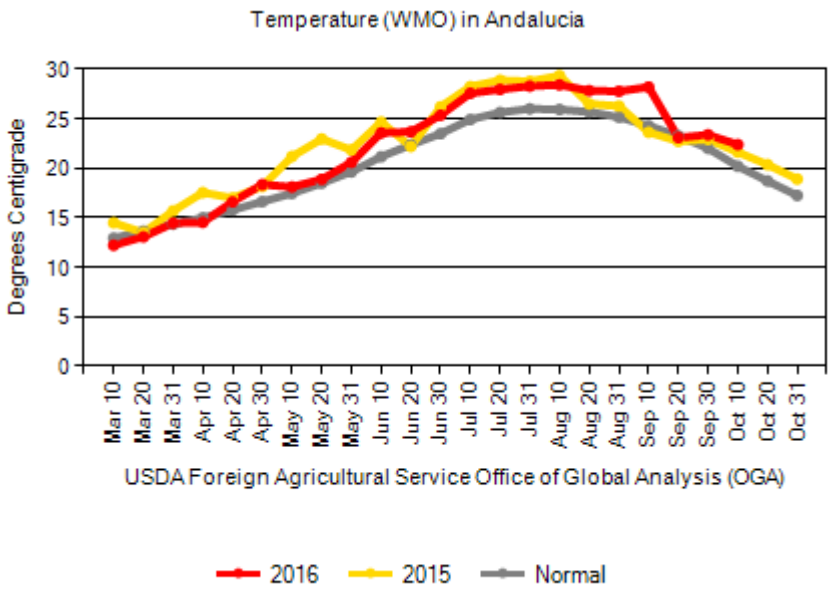
Source: MAGRAMA

**Provisional data*

Andalucía's Regional Government announced an exceptional measure for cases of extraordinary circumstances, such as when excess rainfall impedes planting, under which cotton plantings can be carried out until June 15, 2016 and still be eligible for Cotton Specific Support and Andalucía's Agro environmental Aid for Cotton Growers (See Policy section on GAIN Report SP1606).

The absence of precipitation during the harvest season (**Graph 1**) allowed for a timely harvest and in proper conditions, which contributes to a better quality product. Temperatures have been well over average and higher than last season's temperatures throughout the crop cycle (See **Graph 3**), which resulted in improved yields.

Graph 3. Average Temperature in Andalucía



Source: IPAD/Foreign Agricultural Service/USDA

Having said that, despite the lower farm prices anticipated and the high input costs along with unfavorable sowing conditions, only minor area changes took place, as there are little alternatives available for the salty soils were cotton is grown. Cotton area projections for 2016/17 are now at 61,000 Ha. PSD information has been revised accordingly.

Overall yields are anticipated to be above average as a result of the high temperature throughout the crop cycle and the low pest incidence. However, those plots that were re-planted or planted after the precipitation in the sowing season may not reach full yield potential.

Table 1. Cotton Area, Production and Yields

MY	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17f
Area (1,000 Ha)	58.6	63.2	67.1	69.8	64.0	75.0	63.4	61
Production (1,000 MT)	79.2	115.1	182.8	191.7	145.6	226.2	172.3	175
Yields (Kg/Ha)	1,352	1,821	2,724	2,746	2,275	3,016	2,719	2,868

Source: MAGRAMA and FAS Madrid estimates.

Production, Supply and Demand Data Statistics

Table 2. Cotton Lint Production (Hectares, Bales)

Cotton	2014/2015		2015/2016		2016/2017	
Market Begin Year	Aug 2014		Aug 2015		Aug 2016	
Spain	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0		0			
Area Harvested	75	75	70	63		61
Beginning Stocks	48	48	21	30		35
Production	340	354	240	271		276
Imports	16	18	15	18		18
MY Imports from U.S.	0	0	0	0		0
Total Supply	404	420	276	319		329
Exports	363	363	225	230		230
Use	20	28	25	55		64
Loss	0	0	0	0		0
Total Dom. Cons.	20	28	25	55		64
Ending Stocks	21	30	26	34		35
Total Distribution	404	420	276	319		329
(1000 HA) ,1000 480 lb. Bales						

Source: FAS Madrid estimates.

Related Reports

Report	Date Released
Cotton and Products – Spain Annual 2016	04/01/2016